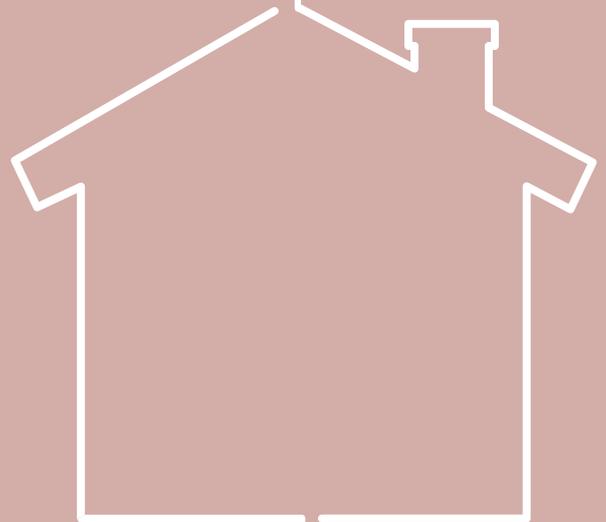
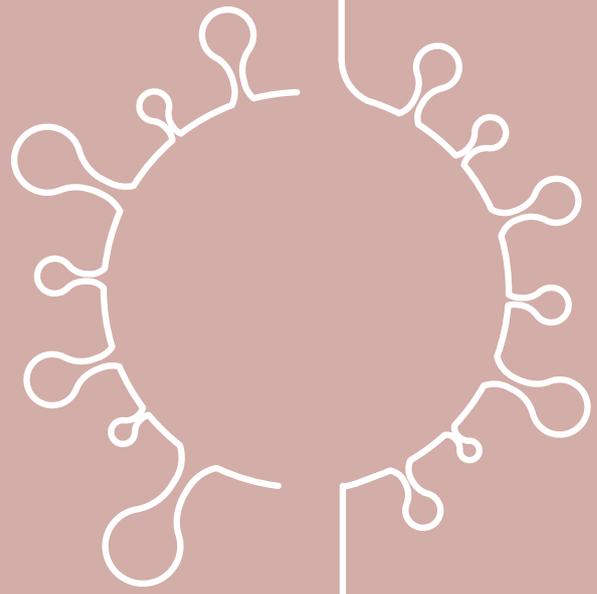


DIBCHIDIAC

**A GUIDE TO
BUYING AND
SELLING DURING
COVID-19**



Contents

Overview of COVID-19 and the Sydney Property Market	1
Current Market Conditions and Advantages	3
Interest Rates and Finance	5
Short Term and Long Term Changes	6
The Economy	7
Market Recovery	8

Buying or selling a property can be an overwhelming experience. Making any significant financial decision that is set to change your life is something that requires research and planning at the best of times, let alone amidst a global pandemic unlike anything the world has ever experienced before.

The year 2020 has made history as one of uncertainty, adaptation, and change across all fields. However when it comes to property, we as real estate agents have a unique and informed perspective on what is happening at a frontline level, particularly within our local markets.

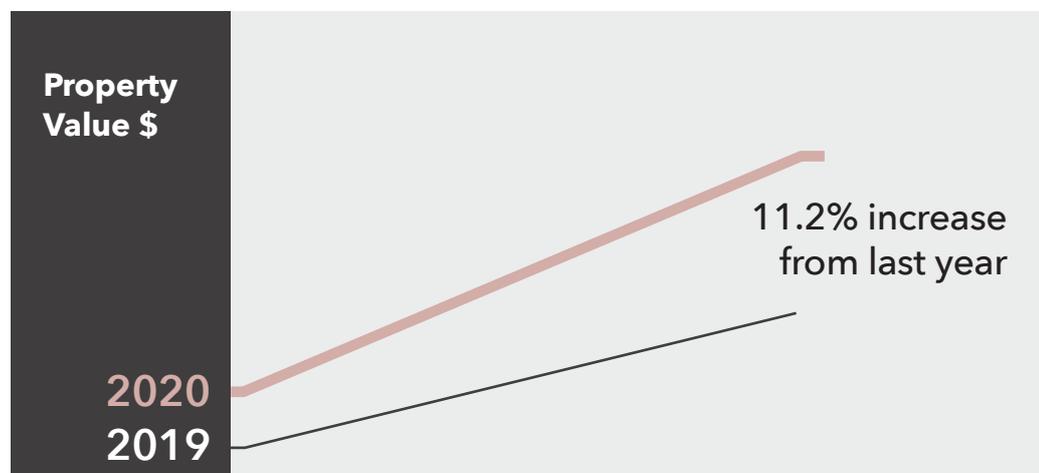
If you are considering buying or selling, or are simply just interested in better understanding the impact of COVID-19 on the property market, we have developed this free guide to share our perspective with you, and help navigate you through this period.

Overview of COVID-19 and the Sydney Property Market

Where the year began

Sydney's real estate market commenced the year with one of the strongest recoveries ever noted in the shortest amount of time. Since the May 2019 election, property values had increased 11.2% and the first quarter of 2020 showed clear signs of an upward market trajectory, propelled by all time low interest rates at the time.

May 2019 to March 2020



*All data verified by CoreLogic Reporting 2020

Changes brought on by COVID-19

As the threat of COVID-19 came closer, Australia imposed unprecedented restrictions from 20 March, including a temporary ban on public open home inspections and auctions - a move which directly affected the real estate sector and inevitably precipitated an immediate impact on buyer confidence and vendor expectations.

Many qualified buyers continued to capitalise on the opportunities presented by uncertainty and reduced competition, whilst others put their property search on hold. Throughout the seven week period that followed, those who were committed to selling remained open to reasonable offers, and although the number of new listings remained consistently low, there was an increase in the number of off-market properties as some chose to test the water before committing to a full campaign. Successful transactions continued, while some sellers took advantage of mortgage freezes and other incentives offered to support the temporary delay of their sales campaigns.

The return to normality

At the time of writing, the Commonwealth Government continues to implement its gradual plan to lift restrictions throughout the country. The real estate sector has returned to regular modes of operation, indicating the nation has reached a promising turning point in the health crisis. Breaking the period of hibernation has started to provide the industry with the fuel required to restore consumer confidence back to where it was earlier this year, with those buyers and sellers who held back re-entering the market, and an influx of new buyers joining them with certainty.

Understanding the impact of COVID-19 has had and will continue to have on people and businesses - as well as the government measures to offset the potential challenges ahead - are critical to understanding the evolution of the Australian economy and its flow on effects into the real estate market over the coming months. Luckily, Sydney property values remained resilient and did not move into negative territory in April instead positively rising by 0.4%.

April



*All data verified by CoreLogic Reporting 2020

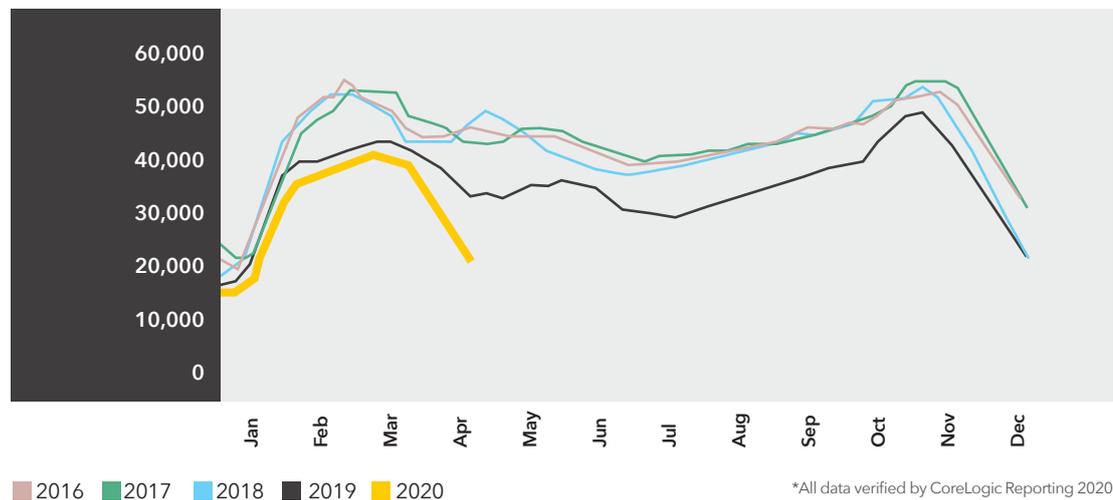
Current Market Conditions and Advantages

Reduced supply, increased demand & confidence

As a transactional market, real estate is driven by the laws of supply and demand. As more buyers flood the market, the demand for housing increases, and when there is a high demand for properties coupled with a lack of supply, prices tend to rise. Limited housing supply in a low interest rate environment - like the one we are currently in - further compounds this effect, and we can expect property prices to continue increasing as they were earlier this year.

Reduced supply in the current market remains a residual reaction of some owners choosing to hold their properties back from the sales market, with many looking to lease them in the short term instead. This choice is supported by a number of online selling platforms now offering sellers the option of withdrawing and relisting their property at a later date at no charge, generating new and practical alternatives available to them with little financial loss.

Number of new listings, rolling 28 day count, national



Mortgage freezes stabilising prices

Although supply has remained lower than usual, the market has experienced minimal distressed sales as borrowers remain protected by low interest rates, mortgage freezes and a willingness of the banks to help mitigate negative financial impacts on their customers.

These incentives are set to cushion property prices in the current period, with Sydney's median home price predicted to remain relatively unchanged, and then to steadily return to the increasing trajectory it has been taking - a positive sign of the market's resilience.

More off market opportunities

Despite a drop in new listings, there are more off-market opportunities and private appointments than previously seen, which offer a significant advantage for buyers and sellers alike. Active buyers who provide their agent with their buying criteria of their preferred requirements enable themselves to be directly linked to potential opportunities as they arise. This removes much of the competition and time that comes with the research and shortlisting component of searching for a suitable property, and can help a buyer secure what they have been looking for, whilst giving sellers the ideal outcome of a quick sale, without the costs of a full campaign.

Qualified buyers prepared to purchase

With the temporary trough of the restriction period now behind us, buyers who remained active in the market with steady capacity to purchase are taking advantage of reasonably priced, quality stock available that provides excellent value for money. Opportunities remain for prepared buyers who will see their money stretch further for the first time again since the rapid rise of property prices this year, which priced many out of the market early on. We are seeing approximately 70% of our buyers qualified, with their finance approved and deposit ready.

Subdued competition bouncing back

Many buyers who temporarily held back have re-entered the market, and this is supported by the increase in enquiry numbers, inspection figures and buyer engagement. As these former buyers return, it is inevitable that new buyers will also begin to join them in looking to leverage the market and buy strategically, acting on the regained relief that the biggest challenges of COVID-19 have begun to ameliorate.

Buyer tips



- Take advantage of reduced competition before new buyers flood the market
- Prepare financially to ensure you can act quickly on opportunities that present good value for money
- Develop relationships with agents within areas of interest to maximise your visibility in a low supply market
- Provide your agent with your buying criteria to widen your scope and be notified of off-market opportunities as they arise

Seller tips



- Consider the advantages of selling now rather than later, as low supply, limited choice, and active buyers lift your property's profile
- Opt for an off-market sale to test market waters without committing to the costs of a full sales campaign
- Use the preliminary off-market response to gauge buyer interest until you are confident to go to market
- Consider the effectiveness of auctions in compounding urgency and competition - a great method of sale right now
- Monitor similar properties, their campaign lengths and sales prices for a real time market comparison
- Engage an active agent with strong local market knowledge and an extensive database of qualified buyers

Interest Rates and Finance

For those with financial security, record low interest rates are likely to increase the affordability of a loan as banks continue to lend up to 95% to borrowers, making it an exceptionally suitable time to prepare financially as a buyer, and as a seller, to take advantage of reduced holding costs.

The Reserve Bank of Australia introduced emergency interest rate cuts of 0.25% in late March 2020, within just a couple of weeks of lowering them to 0.50%. Across the lenders that passed on these cuts, the average reduction to interest rates sits at 0.45% - and on the ground for an average owner-occupier with a variable interest rate as low as the 3.29% currently offered by one of the big four banks, this reduction could deliver monthly savings of up to \$580 on a 30 year, average loan, paying principal and interest. For fixed home loans, savings will be even higher with one of the big fours offering a 2.29% rate as at mid May 2020.

It is important to remember the current climate is likely to present some delays in obtaining pre-approval for finance. Whilst many banks are offering financial support to their current mortgage customers, some may be reviewing their criteria to reduce borrower risk. It is vital to assess different credit policies in order to choose the best option for your situation and increase your likelihood of a successful pre-approval.

Buyer tips



- Do your research and assess lender criteria and policies to select the most suitable for your situation
- Give yourself ample time of a 3-4 week buffer to get pre-approved in the current environment
- Compare rates and consider the availability of these across variable versus fixed rate loans

Seller tips



- Identify your financial commitments to help you decide whether it is a beneficial time for you to sell
- Take advantage of reduced holding costs and financial support on offer if you are not in a position to sell now
- Consider the impact of low interest rates on the affordability of bridging finance as a valuable tool. Bridging finance allows sellers to settle on a property before selling their own as the bank funds the purchase prior to the sale, with sale proceeds paying out the purchase

Short Term and Long Term Changes

Lifting of restrictions

With Australia successfully flattening the COVID-19 curve as a result of collective and sustained efforts, the Australian Government has commenced its short and long term plans to support people and companies rebuild a sense of normality again, as all prepare to deal with the greatest economic and social challenges of our generation.

From May 15 2020, a three-stage return to work, socialising, and leisure plan began its rollout, with four weeks between each stage to mitigate the chances of COVID-19 resurging, and keep the health situation under close monitor.

Successful new approaches

The way in which the real estate industry has adapted throughout the restriction period and beyond has been resoundingly positive. With many agencies leveraging the availability of technology, the success of these has likely brought some permanent change to how things will be done in the future.

Realestate.com.au as a standalone platform holds a new record in its 10.7 million audience over March, compared with that of 9.3 million in January. Virtual inspections and digital video tours have both risen by 96%, whilst views of 3D tours are up a colossal 327% across the board. As these new modes of operation came to the forefront over March and April through the necessity to immediately innovate, the industry incidentally broadened its reach, whilst also providing convenience, accessibility and safety to consumers, keeping the market afloat.

Ongoing health measures

With some of the biggest barriers to physical inspections now removed, community safety and social distancing remain an ongoing priority. There will still be limits on the number of people attending inspections and auctions for the foreseeable future, as well as stringent cleaning measures in place.

Public cooperation is important in ensuring recommended health measures are maintained during open homes and auctions, and we recommend pre-registering your attendance or requesting a private inspection to reduce potential wait times.

The Economy

Easing restrictions is of key importance to economic recovery. By the third stage of the plan now in place, the Commonwealth estimates that \$9.4 billion of economic activity per month will have returned as a direct result of increased workforce participation, productivity, and consumption.

In addressing these forecasts, the government remains focussed on keeping supply chains open, particularly through international trade and supporting industries with systemic importance to the economy continue operating, to ensure Australia can soften the domestic impact of a slowing in global trade.

Government stimulus packages & employment

It is therefore understandable that billions of dollars are now being poured into the Australian economy through various stimulus packages aimed at offsetting the impact on local businesses and employment by supporting job retention and bolster spending. Reinstating jobs remains a high priority of the JobKeeper wage subsidy scheme - initially costed at \$130 billion - making it the single biggest piece of Government spending in Australian history. Recently, the Treasury Department and Australian Tax Office revised the estimated cost of the program to nearly half, at a final figure of \$70 billion. The JobSeeker payment (supplementing Newstart benefits) has also doubled to \$1100 per fortnight for a six month period, and both of these are in place to buffer the anticipated unemployment spike.

The Australian Bureau of Statistics (ABS) reported one in three jobs in the accommodation and food industries have ceased to exist since COVID-19 started, and with more than one million people unemployed since mid-March, Australia's unemployment rate sits at around 6.2% as at mid May, climbing 1 percentage point from March's 5.2%. With these figures only reflective of the ABS' most recent official data, figures are yet to capture the full impact of the government imposed restriction period. There are strong predictions that these figures could continue to peak over the coming months before we start to see the more stabilising effects of these packages play out longer term. With the health crisis under greater control, and as businesses prepare to resume operating, it is expected that unemployment rates will decrease back to regular levels over time.

Abolishment of stamp duty & other tax reforms

Other considerations at the forefront of debate include NSW Government's proposal to remove stamp duty permanently as part of broader economic and taxation reforms to boost economic growth, protect jobs and reinstate businesses.

With the proposal to be put forward in June 2020, if the changes are successful over the next year we can expect the playing field between first home buyers and other buyers to become level again - driving competition, spending, and prices through the provision of savings for other buyers in the real estate market.

Market Recovery

Australia's strong fiscal position globally is of key importance in projecting our local market recovery long term. The 2.6% growth of property prices in the first quarter of 2020 presented an overall 13% increase since mid-2017, and was promising evidence of the market's good health at the time COVID-19 began to have an impact.

Data released by CoreLogic in May showed Sydney's auction clearance figures rise to 63% after four consecutive weeks below 40% throughout April's lockdown period, and a 0.4% increase in Sydney property values within the same month, highlighting that notwithstanding the temporary limitations placed on the real estate market, it has already demonstrated its immediate ability to rebound.

With the International Monetary Fund ranking Australia's economic position as the highest category possible, the country has substantial room to significantly increase its spending into the trillions - much more than it currently is - and still have less debt than its G20 government peers. Overall, it is important to note the demonstrated resilience of the Australian property market alongside our country's financial system, which has been historically highlighted by the resurgences that took place after both the global financial crisis of 2008 and more recently, the credit tightening period over 2017-2019.

Although the true effectiveness of stimulus packages will not be evident for some time to come, they are at the core of Australia's economic recovery and the future of our property market, and it is undeniable that without them the impact of COVID-19 would be catastrophic and drawn out.

There remain many uncertainties, but the long term recovery we are moving towards will be bolstered by the combination of new stimulus measures established to reinvigorate the economy, record low interest rates and other forms of lending support stabilising borrowers, market behaviour, and the robust trajectory we commenced the year with - making it an ideal time to increase spending.

